Unique & Yours

TEACHERS' PENSION PLAN

2014 REPORT TO MEMBERS

Talking with teachers

BC Teachers share their pension experience

Investment report card

Your plan's grades

Gina Chase

A teacher in Victoria, BC

In this issue

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Your pension plan is unique: here's why

Your pension plan is unique in a number of key ways, setting it apart from troubled plans you may have read about in the news. Plan governance—the way the plan is overseen—is a major reason for the plan's success.

You're at the table

Your plan is managed as a partnership. The member partner (BC Teachers' Federation) and the employer partner (Government of BC) each appoint five individuals to the Teachers' Pension Board of Trustees. Trustees collaborate on decisions to manage the plan, for example by setting investment policies and giving administrative direction.

You're paying your way ...

Your pension plan is a pre-funded plan, meaning each generation pays in advance for its own pension benefits. Pre-funding limits your exposure to demographic risks, such as the shifting ratio of pensioners to contributors.

... with help from your employer and investments

Remember that your employer is also contributing to the plan on your behalf. Combined, your contributions and your employer's contributions will make up roughly 20 per cent of your pension income when you retire, with 80 per cent coming from investment returns. So about 80 of every 100 pension dollars you receive will come from investment returns. Sharing contributions with your employer also means you share the risks of the plan, so any increases in costs are shared and are not borne exclusively by you or your employer.

You're on your way

What makes your pension *yours* is up to you. As you work and grow with your students, your pension is working and growing for you; your pension starts with your first contribution, not on your first day of retirement. Learn more about your pension—it's unique and it's important for your future.

Read more about Gina, Debra and Hilary → Pages 2-4

On the cover

Victoria teacher and Teachers' Pension Plan member Gina Chase takes notes on her pension. On the following pages, read more about Gina and other plan members who have set pension learning outcomes (PLO) for themselves... then set one for yourself!

Winner of the 2014 World Finance Award

WORLD FINANCE GLOBAL PENSION FUNDS AWARDS 2014

World Finance award judges applauded the board's proactive approach to assessing new investment ideas and improvements. They were impressed by the plan's governance model, where plan members and plan employers share plan management. Learn more online.

Talking with teachers

Gina Chase

Years teaching: 4 years | **School:** South Park Family School, SD 61

Gina is a **new teacher** and has dedicated her energy to learning the ropes, polishing her lesson plans and generally ensuring she isn't going up the "down" staircase. While she's pleased to have a pension, **she hasn't had much time** to learn about it and is ready for some pointers on getting started.

How often do you think about your pension?
Whenever I look at my pay cheque—every two weeks!

What do you love about your pension?
I am forced to put away money.

What do you need to learn about your pension?
I don't know. Maybe, can I make it better for myself when I receive it?

Are you registered with My Account?
No. What do you use it for?

Pension Learning Outcomes

I want the basics—how can I get the most out of my pension? My achievement indicator will be summarizing top things newbies need to know.

Ready, set, go!

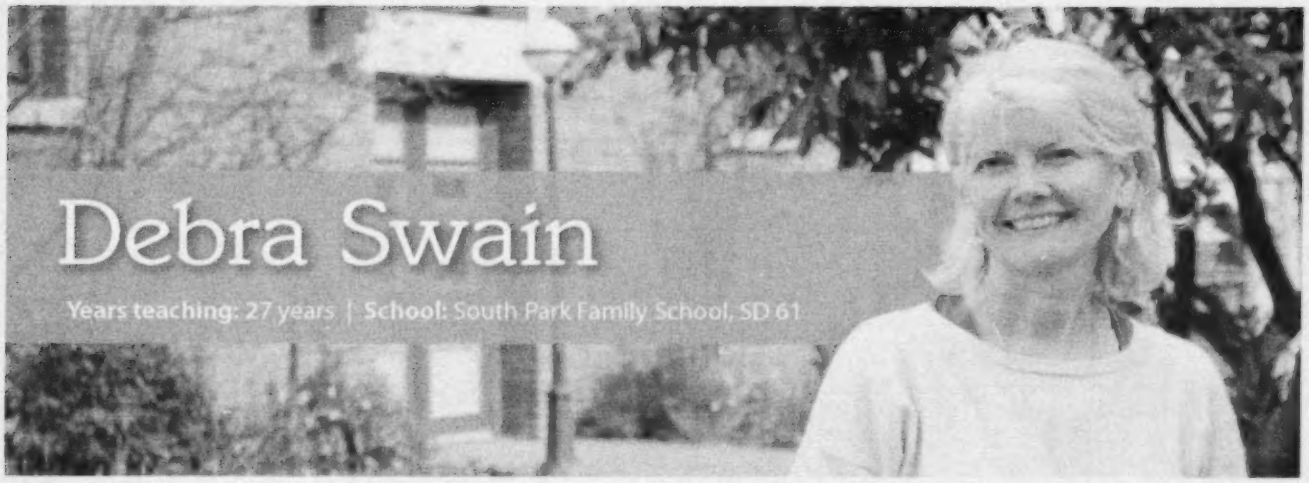
Tasks

- ☑ Register for My Account.
- ☑ In My Account, register for a Your Pension, Your Future seminar—it's designed for new and mid-career members!
- ☑ In My Account, review your member benefit statements.

Resources

On the website:

- The New Member section
- *A Guide for Plan Members*



Debra Swain

Years teaching: 27 years | School: South Park Family School, SD 61

Pension Learning Outcomes

I want to learn about how the bridge benefit works, and if I should retire one year early to collect it. My achievement indicator will be that I will understand the figures.

Debra has a long career in teaching and is **nearing retirement.** An engaged plan member, she has registered with My Account and uses the tools there to help **plan her future.** Debra is ready for nitty-gritty details: what her pension options are and how to apply for retirement.

How often do you think about your pension?

Often! At least once a week. I have attended a pension seminar—Thinking About Retiring—and found it very informative. I regularly check with the Personalized Pension Estimator in My Account to check my potential pension.

What do you love about your pension?

I love that someone helped me save for the time when I will be too old to work. I love that I do not have to worry about the investments.

What is one thing your colleagues should know about the Teachers' Pension Plan?

We have a very good pension plan, and it has taken a lot of collective effort to get it.

What concerns do you have about your pension?

Will it keep up with inflation?

Ready, set, go!

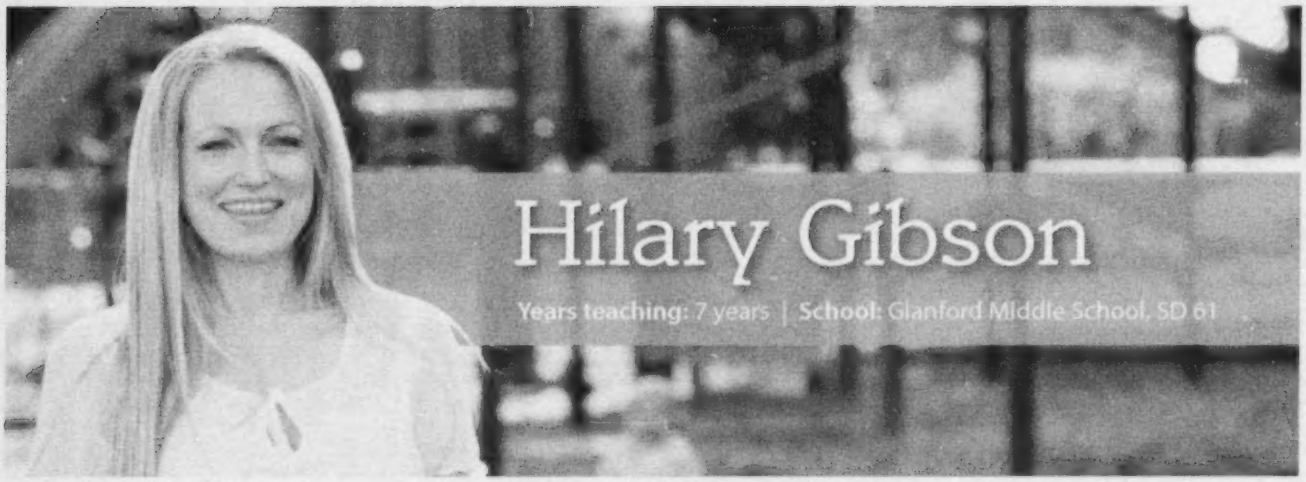
Resources

On the website, read about the bridge benefit and cost-of-living adjustments:

- *Your pension payment* PensionFacts
- *Choosing Your Best Pension Option* guide

Tasks

- ☑ In My Account, run pension estimates before and after age 65.
- ☑ Review and compare the estimates.
- ☑ Discuss your pension options and post-retirement budget with an independent financial advisor.



Hilary Gibson

Years teaching: 7 years | School: Glanford Middle School, SD 61

Hilary is the **proud mom** of toddler Scarlett. Currently on parental leave, Hilary is focused on family. She wants to learn about **buying back service** but doesn't have much research time with little ones on the go.

How often do you think about your pension?

I think a lot about the cost to buy back my leave. I am anxious about it, so I haven't really looked into it yet. I feel like it will stress me out, so I just avoid it!

What do you love about your pension?

I love that it just collects on its own, and I don't have to do anything. It gives me peace of mind knowing that I should be financially okay when I eventually choose to retire.

Any other pension homework?

Experienced teachers have been telling me since my internship days that I should attend a pension seminar as early as possible in my career. I think about it, but have yet to attend one! Would I just sit there not knowing what to ask or how to participate? Would it seem weird if I was there? Would they look at me like: "You aren't old enough to be retiring"?

Pension Learning Outcomes

I want to learn about buying back my parental leave. My achievement indicator will be a financial plan for buying back that service.

Ready, set, go!

Tasks

- ☑ Register for a Your Pension, Your Future seminar—it's designed for new and mid-career members!
- ☑ Register for My Account, then use the Personalized Purchase Cost Estimator to calculate your buyback cost.
- ☑ Compare the cost for buying back your whole leave or an annual portion.

Resources

On the website, read about buying back service:

- *Purchasing leaves of absence* PensionFacts
- *A Guide for Plan Members*

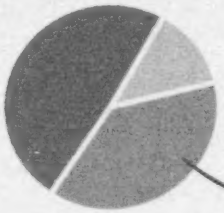
NOTES

Your pension plan report card

Almost 40% of plan members are retirees

Membership profile
as at December 31, 2014

Active	44,840	49%
Retired	34,655	38%
Inactive*	12,039	13%



Gender profile of active plan members

Female 73%
Male 27%

retirees

* Members no longer employed by a plan employer, but with money in the plan.

Net assets grew by $2 billion

Financial highlights
for the year ended December 31, 2014
(millions)

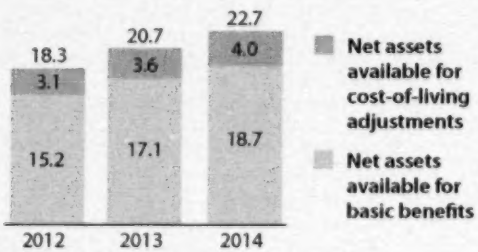
01 JAN → $ IN → $ OUT → 31 DEC

$20,694 Net assets	$2,424 Investment income	$668 Contributions	($1,051) Benefits payments	($46) Investment & administration	$22,689 Net assets

Net assets are increasing

Net assets available for benefits*
as at December 31, 2014

The Teachers' Pension Plan is a pre-funded plan, designed to make each generation pay in advance for its own pension benefits. Pre-funding pension plans limits exposure to demographic risks such as the shifting ratio of pensioners to contributors.



* For more details, please see the "Statement of Financial Position" in the financial statements of the *2014 Annual Report*, available fall 2015 on the plan website.

Exceptionally low fees $$

Fantastic

Investment management and benefits administration fees
as at December 31, 2014

The plan is among those with the most efficient retirement savings options available, with exceptionally low investment management and benefits administration fees.

Investment management **0.20%** of assets*

Benefits administration **0.05%** of assets

* External investment management costs of $10.7 million incurred by wholly owned corporations are included in investment management costs as a percentage of net assets.

Return on investments

for the year ended December 31, 2014

11.6%*

5-year annualized 9.8%

Compared to a performance benchmark* of:

10.1%

5-year annualized 8.1%

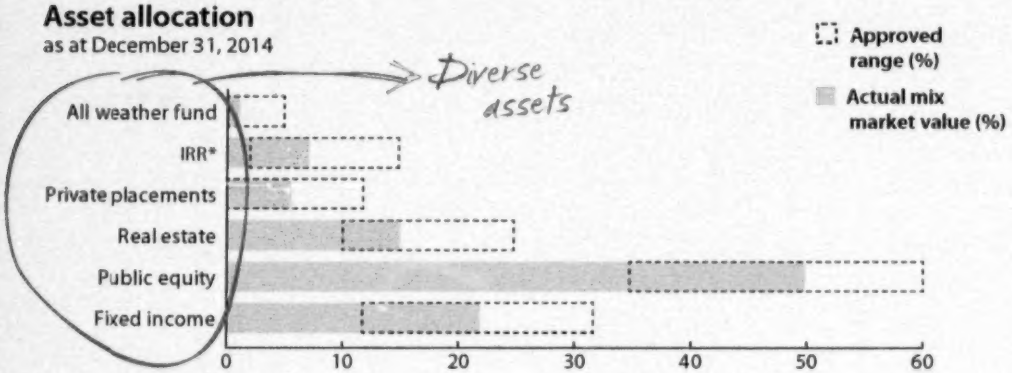
✓ Great Work!

We beat the benchmark by 1.5%

* Benchmarks are standards to compare against investment returns.

Asset allocation

as at December 31, 2014

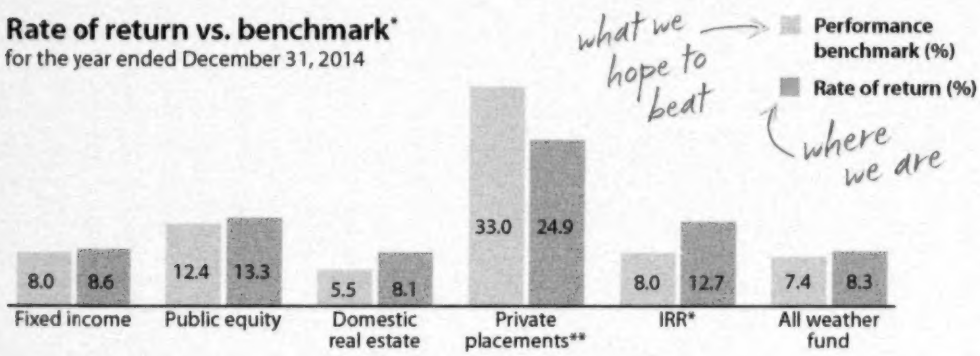


* Infrastructure and renewable resources.

Diversified assets help manage investment risk

Rate of return vs. benchmark*

for the year ended December 31, 2014



* Benchmarks are standards to compare against investment returns.

** The rates of return for private placements, and infrastructure and renewable resources reflect the December 31, 2013, internal rates of return. The December 31, 2014, internal rates of return are not yet available.

$ Investment income will finance about 80% of your pension

The 2014 numbers listed here are unaudited. For full, audited financial information, read the *2014 Annual Report*, available fall 2015 on the plan website. For the plan's full investment policy, see the *Statement of Investment Policies and Procedures* on the website.

NOTES

Plan rule changes

Plan changes that affect you

Expanded options for nominating beneficiaries

Amendments 22 and 23, effective March 31, 2014

The *Wills, Estates and Succession Act* set out new rules for nominating your beneficiary(ies) for your pension. As a result, you may have more options to protect your family, leave a legacy to your community and customize your estate planning the way you want. Your spouse is automatically your beneficiary unless they have waived rights to any pension benefits, so your ability to nominate beneficiary(ies) may be limited. You may be able to:

- name multiple and/or alternate beneficiaries,
- provide different shares to those beneficiaries,
- name a trustee to receive and manage your pension benefit on behalf of minors or individuals unable to act on their own, and
- nominate an organization, such as a charity or a trust, as a beneficiary.

Take action

Read your *Member's Benefit Statement* to confirm your current beneficiary(ies). No beneficiary(ies) nominated? Do it online with My Account.

More flexibility for buying back service

Amendment 24, effective April 1, 2015

Subject to federal Income Tax Regulation limits, you may now be eligible to buy back service for an approved leave taken while contributing to the pension plan with another plan employer or when contributing to another registered pension plan during the leave period.

Take action

If you contributed to the Teachers' Pension Plan or another registered pension plan while on an approved leave, and wish to buy back service from that leave, contact the plan.

Questions? Contact Us

Teachers' Pension Plan
tpp.pensionsbc.ca

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Victoria: 250 953-3022
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250 356-8977

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MISSION STATEMENT

To fulfill the trust the partners have placed on us by effectively and efficiently meeting the pension promise to provide retirement income to plan members.

The information in this booklet is based on the legislation and BC Teachers' Pension Plan rules in effect as of December 31, 2014, except where otherwise noted. In the event of any variation between the information in this booklet and the provisions of the statutes, regulations and plan rules that govern any benefits available under the BC Teachers' Pension Plan, the latter will prevail. Financial figures presented in this report as at December 31, 2014, are unaudited.

2004-061 TPP R/M 2015.04.10 OPR104207